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Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02
OMB-01 DOE-15 /136 W
----------078055 151711Z /64

P 151651Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 7304
INFO ALL EC CAPITALS
USMISSION GENEVA
AMEMBASSY OTTAWA
AMEMBASSY HELSINKI
AMEMBASSY STOCKHOLM

UNCLAS BRUSSELS 11857

USEEC

E.O.11652:N/A
TAGS: ETRD, EEC
SUBJECT: EC ANTI-DUMPING INVESTIGATION: BLEACHED PULP

REF: BRUSSELS 9712

1. REPRESENTATIVES OF 13 US COMPANIES OR THEIR LEGAL ADVISERS ATTENDED THE CONFRONTATION SESSION HELD AT THE EC COMMISSION ON JUNE 15. THE FIRMS WERE: LOUISIANA PACIFIC, ALLIED PAPER, ITT RAYONIER, SCOTT PAPER COMPANY, BOWATERS, FEDERAL PAPER, WEYERHAEUSER, ST. REGIS, GEORGIA PACIFIC, CROWN ZELLERBACH, CHESAPEAKE, MEAD, AND BUCKEYE CELLULOSE. MEETING WAS CHAIRED BY HANS BESELER, EC OFFICIAL IN CHARGE OF ANTI-DUMPING, WAS FRIENDLY IN TONE, AND QUITE BRIEF (LESS THAN AN HOUR). AT ITS CONCLUSION, COMMISSION OFFICIALS ARRANGED FOR PRIVATE MEETINGS LATER
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JUNE 15 AND ON JUNE 16 WITH A NUMBER OF US FIRMS.

2. CONFRONTATION BEGAN WITH PRESENTATION OF COMPLAINT BY REPRESENTATIVE OF FRENCH PRODUCERS FEDERATION. PRESENTATION DEPARTED FROM TEXT OF COMPLAINT IN ONLY ONE RESPECT, I.E. THAT FRENCH INDUSTRY HAD NO PROBLEM WITH MAJOR US FIRMS WHICH HAD PRACTICED PROPER PRICING POLICIES BUT

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RATHER WITH SMALLER COMPANIES AND BROKERS WHO ARE NOT NORMALLY IN THE EC MARKET BUT SOLD HERE AT DUMPING PRICES WHEN US MARKET WAS SLACK. (WHEN QUESTIONED ON THIS POINT LATER IN THE CONFRONTATION, FRENCH REPRESENTATIVE SAID HE DID NOT MEAN BY HIS REMARKS TO CHANGE THE NATURE OF THE COMPLAINT BUT ONLY TO "BROADEN THE DEBATE".)

3. AS IN KRAFT LINER CASE, REPRESENTATIVE FOR WEYERHAEUSER MADE DETAILED PRESENTATION ATTEMPTING TO REFUTE DUMPING CHARGES MADE IN THE COMPLAINT. HE, AND SPEAKERS WHO FOLLOWED HIM, EMPHASIZED THAT NO ONE US FIRM WAS AUTHORIZED TO SPEAK FOR THE OTHERS. HE PRESENTED COMMISSION WITH BRIEF AND SUPPORTING EXHIBITS, COPIES OF WHICH ARE BEING SENT TO EUR/RPE - LA MANTIA. BASIC ARGUMENTS MADE IN CONFRONTATION SESSION WERE THAT SWEDISH FIRMS HAD CUT PRICES IN ORDER TO DUMP INVENTORIES, THAT EC PULP INDUSTRY IS UNECONOMIC, THAT DUMPING DUTIES ARE NOT DESIGNED TO SOLVE STRUCTURAL PROBLEMS AND SHOULD NOT BE USED TO ORGANIZE A CARTEL FOR THE BENEFIT OF THE LEAST EFFICIENT PRODUCERS. ANY NORTH AMERICAN PRICE CUTTING WAS PURELY DEFENSIVE.

4. IN RESPONSE TO WEYERHAEUSER REP, BESELER EXPRESSED APPRECIATION FOR PRESENTATION AND NOTED THAT MOST OF IT, IN HIS EXPERIENCE, WOULD HAVE BEEN INADMISSIBLE UNDER US ANTI-DUMPING REGULATIONS. HE UNDERLINED THAT IN THE UNCLASSIFIED

INTERNATIONAL TRADE COMMISSION DEFINITION OF CAUSATION ANY SHIPMENTS OTHER THAN DE MINIMUS WOULD BE LIABLE FOR DUMPING DUTIES. HE ADDED THAT ANOTHER ARGUMENT WHICH HAD BEEN MADE BY WEYERHAEUSER, THAT IMPOSITION OF A DUTY WOULD NOT BE IN THE INTERESTS OF EUROPEAN CONSUMING FIRMS, WOULD ALSO NOT BE ACCEPTED IN US PRACTICE.

5. FOLLOWING THIS EXCHANGE BOWATERS AND CHESAPEAKE MADE BRIEF COMMENTS TO THE EFFECT THAT COMPLAINT WAS INACCURATE AND FAILED TO DISTINGUISH BETWEEN PRICE OF SOUTHERN AND NORTHERN US PULP.

6. COMMISSION OFFICIALS WERE UNWILLING TO ESTIMATE WHEN FURTHER STEPS WOULD BE TAKEN IN THEIR INVESTIGATION. FOR THE TIME BEING, THEY WILL CONTINUE FACT FINDING. HINTON

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